

2025 Issue No. 36
10 July 2025

Tax Alert – Canada

CBSA issues its July 2025 trade compliance verification list update

EY Tax Alerts cover significant tax news, developments and changes in legislation that affect Canadian businesses. They act as technical summaries to keep you on top of the latest tax issues. For more information, please contact your EY advisor or EY Law advisor.

The Canada Border Services Agency (CBSA) released the July 2025 update of its trade compliance verification priorities list, emphasizing continued efforts to ensure proper compliance with Canadian trade laws.¹

The CBSA continues to focus on tariff classification, valuation and origin as key areas of compliance verification, with changes in product categories and new compliance strategies introduced in this update.

Background

To maintain trade compliance, the CBSA requires importers to:

- ▶ Classify commercial goods under the appropriate tariff classification;
- ▶ Accurately declare the origin and value of goods; and
- ▶ Pay the appropriate duties and taxes on imported goods.

The CBSA conducts trade compliance verifications to assess adherence to customs legislation and ensure accurate reporting.

¹ [Trade compliance verification](https://www.cbsa-asfc.gc.ca) (cbsa-asfc.gc.ca).



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Verification and compliance priorities

The CBSA uses a risk-based, evergreen process to determine verification priorities, introducing new targets throughout the year while retaining some from previous cycles.

Compliance priorities (updated to July 2025)

The CBSA has identified the following compliance priorities, including:

- ▶ Tariff rate quota and classification of frozen desserts containing 5% dairy;
- ▶ Tariff classification of gloves (Round 3);
- ▶ GST and excise duties on vaping products and exemption codes;
- ▶ Origin verifications under the Canada-European Union Comprehensive Economic and Trade Agreement and the Canada-United Kingdom Trade Continuity Agreement;
- ▶ Duties Relief Program verifications of licensees importing supply-managed goods;
- ▶ China Surtax Orders for electric vehicles, steel products and aluminum products;
- ▶ United States Surtax Order 2025-1; and
- ▶ United States Surtax Orders for motor vehicles, steel products and aluminum products.

Verification priority: tariff classification

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Gloves (Round 3)	Bags (Round 3)	Spent fowl (Round 3)
Freezers and other freezing equipment	Washers and dryers	LED lamps (Round 2)
Furniture for non-domestic purposes (Round 4)	Bicycle parts (Round 3)	

Verification priority: origin

- ▶ Bedding and drapery, Round 3 (Harmonized System Number(s): Headings 63.01, 63.02, and 63.03)
 - ▶ The CBSA has identified a risk that bedding and drapery imports made in Canada-United States-Mexico Agreement (CUSMA) countries do not qualify for CUSMA preferential tariff treatment due to non-qualifying inputs used in the production of the imported goods.

Compliance tools used by the CBSA

The CBSA may also use the following instruments to administer and enforce compliance with the *Customs Act*:

- ▶ The CBSA Assessment Revenue Management (CARM) system, which is used to validate duties and taxes while addressing non-compliance.
- ▶ Three compliance intervention tools, as described below, offer a more efficient, targeted approach for specific import transactions compared to traditional verifications and promote voluntary compliance.
 - ▶ Trade advisory notices (TAN): Notices prompting importers to review declarations for potential non-compliance; no monetary assessment is issued as a result of a TAN.
 - ▶ Compliance validation letters (CVL): Letters requesting further information within 30 days of the CBSA request where non-compliance is suspected.
 - ▶ Directed compliance letters (DCL): Formal notifications of non-compliance with monetary assessments.

Takeaways for importers

Importers should ensure proactive compliance strategies are in place, including proper documentation and ongoing review of classification, valuation and origin data.

CBSA verifications can be time-consuming and costly for importers. Companies must be proactive and adopt an informed compliance mindset. Best practices for companies include implementing programs, frameworks and methodologies to help maintain and continuously improve their customs and trade compliance management profile.

Learn More

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